CALIFORNIA
Economic Indicators

March–April 2005

A Maturing Recovery

Economic growth moderated during the first quarter of 2005.

REVIEW OF RECENT ECONOMIC DEVELOPMENTS

After growing briskly in 2004, California continued to expand in the first quarter of 2005, but at a more restrained pace. The employment picture improved during the first quarter, and commercial construction extended a healthy growth trend that stretches back to early 2004. Home building activity, though, slowed during the first two months, and California's sizzling real estate markets showed signs of cooling.

Employment

On the surface, California labor markets turned in a respectable performance during the first three months of 2005. Industry employment grew at a steady, yet moderate, pace, adding a monthly average of nearly 18,000 jobs. Even though this was somewhat slower than the 21,000 monthly average job gain achieved in 2004, it represented a 1.6-percent year-over-year growth rate.

Among major industry sectors, Construction added the most jobs and grew at the fastest pace. During the first quarter, 16,300 building jobs were created, for a strong 6.4-percent year-over-year rate. This accounted for over 30 percent of all industry jobs created. Leisure and Hospitality employment also made a significant contribution, adding 16,200 jobs, for a 2.7-percent year-over-year pace. The information sector added 10,900 jobs.

In other sectors, employment rose by 6,200 in Educational and Health Services; 6,000 in Government; 5,300 in Professional and Business Services; 3,800 in Other Services; and 700 in Financial Activities. Employment fell by 9,300 in Trade, Transportation and Utilities; 1,800 in Manufacturing 5,100; and 500 in Natural Resources and Mining.

On a year-over-year basis, industry employment expanded by o ver 234,000. Employment rose by 60,600 in Professional and Business Services; 53,000 in Construction; 38,200 in Trade, Transportation and Utilities; 38,000 in Leisure and Hospitality; 24,900 in Educational and Health Services; 23,100 in Financial Activities; 6,000 in Manufacturing; and 5,200 in Other Services. Employment fell by 9,200 in Government; 5,100 in Information; and 300 in Natural Resources and Mining.

The latest employment estimates, however, reflect the effects of the annual benchmark revisions to the payroll survey, a new methodology for the household survey (used to estimate state and local unemployment rates), and new definitions for metropolitan areas. See below for a discussion of these changes and their impact on recent California employment data.

Uncertainty over the unemployment rate

California's unemployment rate has improved dramatically since the end of 2004, dropping six-tenths of a percentage point, to 5.4 percent in March from December's 6.0 percent. This is almost as much as it dropped during all of 2004. Rather than a clear sign of improvement, this trend is the result of increasing

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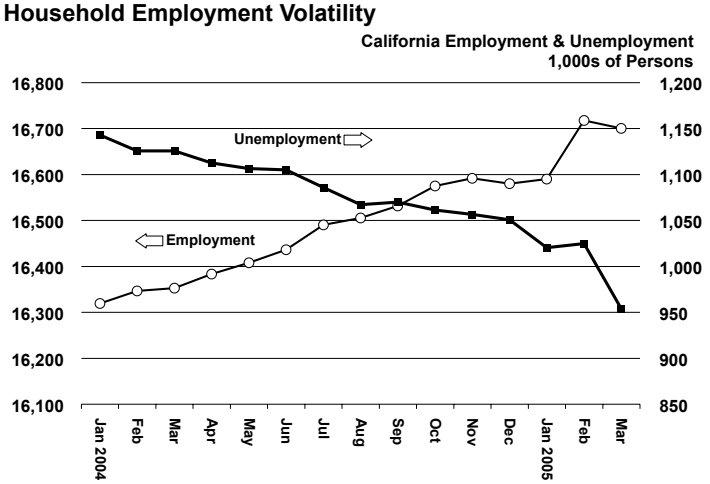
volatility in the rate's components. Civilian employment was reported to have grown by 128,000 in February 2005. In March, the U.S. Bureau of Labor Statistics reported an unprecedented 71,000 drop in the number of persons unemployed. In contrast, the average monthly gain in employment during 2004 was 24,700, and the average drop in unemployment was just 9,300. A good portion of this increased volatility was likely due to the introduction of new methodologies this year by the U.S. Bureau of Labor Statistics and will likely be reduced when these estimates are revised in the future.

FIGURE 1

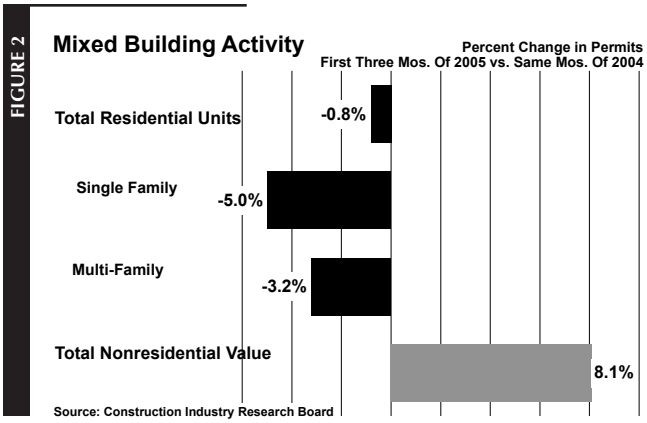


Building Activity

Residential building slows

The new year ushered in a noticeable slowing in home building. Permitting for new residential units during the first three months of 2005 was down by 4.5 percent from the pace set during the same months of 2004. The slowdown from November 2004 — the strongest month since 1988 — was even more striking. A seasonally adjusted annual rate of 201,000 units were permitted during the first quarter of 2005. This is more than a 22-percent slowdown from November 2004 when permits were issued at an annual pace of 259,000 units. Construction slowed throughout Southern California, but picked up sharply in the San Francisco Bay area.

FIGURE 2



Commercial construction still going strong

Nonresidential construction, on the other hand, strengthened. Nonresidential permitting during the first quarter of the year was stronger than a year ago, even though it slowed from the end of 2004. On a year-over-year basis, nonresidential permitting was up over 8 percent, measured by permitted value. Strong gains in industrial, alterations and additions, store, and service station permitting offset a sharp slowdown in office space permitting. After making an exceptionally strong recovery throughout 2004, office construction cooled notably. The value of new office permits issued during the first three months of 2005 lagged the same months of 2004 by 17 percent.

During the first three months of the year, the San Joaquin Valley led the pace of nonresidential permitting, growing nearly 60 percent from the same months of 2004. The San Francisco Bay Area was up over 17 percent. In contrast, Southern California activity slowed by nearly 3 percent, led by the Riverside-San Bernardino-Ontario metropolitan area, where significant slowdowns in nearly all building categories brought permit values down nearly 27 percent .

Real Estate

A cooling trend for real estate?

The state's median home price closed in on the half-million dollar mark in March 2005. Despite this achievement, there were signs that California's real estate market may be cooling down. After softening in February, the median price of existing single-family detached homes sold in March climbed to $495,400, according to the California Association of Realtors. This is 15.7 percent higher than the median price a year earlier, which while healthy, is the slowest year-over-year gain since

June 2003. California home prices have followed a see-saw pattern since December. The median home price for the first quarter of 2005 as a whole advanced only 2 percent from the end of 2004.

Home sales slowed, as diminished home affordability appeared to take a toll. Inventories have risen, and current sales are believed to be largely driven by the anticipation of rising mortgage rates. After setting a sales record of 659,410 units in January, at a seasonally adjusted annualized rate, existing single-family home sales slid to 608,170 units in February before recovering somewhat to 634,700 units in March. The pace of home sales during the first quarter of 2005 slowed 1.8 percent from the end of 2004. The Unsold Inventory Index for existing, single-family detached homes — the number of months needed to deplete the supply of homes on the market at the current sales rate — was 3.9 months in February, double the 1.8 month reading from twelve months earlier, according to the California Association of Realtors.

MAJOR REVISION TO CALIFORNIA EMPLOYMENT

Accurate economic data is the lifeblood of the economics profession. Modifications to established data series are usually a mixed blessing. On one hand, changes usually improve the accuracy and relevancy of the data. On the other hand, the resulting revisions typically have a measurable impact on historical data. Modified "history" can sometimes wreck havoc on complex economic models.

Analysts are used to dealing with periodic changes. State and national employment data — the most timely economic data — are revised, or "benchmarked" in February of each year. Revised employment data released in February 2005, however, introduced a panoply of revisions far more comprehensive than past annual revisions. In addition to typical adjustments and the incorporation of Census 2000 data, a new regional unemployment estimation methodology and new metropolitan area definitions were introduced. All told, these changes led to noteworthy adjustments to California's labor market information.

Local Area Unemployment Statistics

State workforce agencies, such as California's Employment Development Department, produce unemployment estimates under the federal-state cooperative Local Area Unemployment Statistics (LAUS) program. Monthly estimates of employment, unemployment, and the unemployment rate are prepared for the Bureau of Labor Statistics. These estimates, in addition to being widely followed economic indicators, are also used for a variety of planning and budgetary purposes, including allocating Federal funds to state and local areas. It is thus important that these sub-national, or local, estimates accurately reflect regional labor market conditions.

A major redesign of the local area estimation methodology was introduced with the February 2005 unemployment data release. The old method often resulted in an overestimation of employment and an underestimation of unemployment at the state level when compared to the national estimates. Monthly state level estimates also did not sum to the national estimate. This lack of consistency on a month-to-month basis caused two major shortcomings. National economic trends were not always reflected in current state estimates. Significant changes in the national unemployment rate were not always discernable in the state estimates. Second, the annual benchmarking process typically resulted in significant annual revisions to historical state level data. This redesign by the Bureau of Labor Statistics process was intended to address these shortcomings.

Real-time Benchmarking

A benchmark is a reliable data point to which much less reliable estimates are controlled. The former unemployment estimation method used each state's annual average employment and unemployment figures as a benchmark. It was a retrospective benchmarking based on twelve months of historical data. This led to significant annual revisions to historical data, sometimes notably changing our perception of the recent past. The new unemployment estimation methodology minimizes these annual revisions by incorporating real-time benchmarking.

The new process uses a hierarchical approach. Unemployment estimates for the nation are derived from a monthly nationwide survey of 60,000 households, commonly called the "household survey." The answers to questions about the employment status of members of these households constitute the national estimates of employment and unemployment. The nation is divided into nine Census divisions. Division estimates are developed from a time-series model using the survey responses from the respondents within that division. The difference between the national estimate and the sum of the initial division estimates are then allocated proportionately among the divisions to come up with

the final division estimates. Initial state estimates are made from their survey results along with state industry employment estimates (from the Establishment Survey) and state unemployment claims. The variation between the sum of the states and the division estimate is allocated among the states. Thus, the entire national estimate is equal to the sum of the state estimates.

This approach ensures that trends in the national employment figures will be reflected in the state figures. This also means that the estimates are benchmarked on a monthly rather than an annual basis. An annual benchmarking will still be performed to reflect re-estimation of the models and to incorporate updated population controls. Future annual revisions, though, should be fairly small compared to the old method.

Some downsides

This new method is not without its drawbacks, however. The variation between the state estimates and the Census division estimate is allocated to the states in the division in proportion to their size. There are several divisions that consist of a very populous state, such as California, joined with a number of much smaller states. In these cases, the bulk of the variation is allocated to the largest state. This is very likely the source of the unusual volatility of California employment estimates for the first few months of 2005. In February, civilian employment leapt 127,000 persons, or 0.7 percent. In March, unemployment dropped a phenomenal 70,800, or 6.9 percent. Other states, including Florida and Texas, face a similar situation.

Pacific Census Division:

	Population*
California	35,893,799
Washington	6,203,788
Oregon	3,594,586
Hawaii	1,262,840
Alaska	655,435

* As of July 2004
Source: U.S. Census Bureau

Due to the small sample size they are based on — less than 0.06 percent of all households — unemployment estimates have not been considered the most reliable labor market indicator. In gauging local conditions, the new hierarchical approach introduces additional ambiguity. Benchmarking Census Division estimates to the nation and tying the states to their divisions will, as intended, make local estimates more reflective of national trends. It also means that when an individual state's actual performance deviates from the national trend that deviation will be shared with the other states in the division. Thus, the resulting statistics will not only be less indicative of actual local conditions, but will also reflect, to some extent, the conditions in other states.

The new process also makes California's estimates less timely. For many years, California's employment figures were developed and released earlier than those of most other states, trailing the release of national estimates by only a week. Since real-time benchmarking requires that all state estimates sum to their division total, California estimates cannot be finalized before those for the other Pacific Division states. Thus, for the foreseeable future, California's labor market information will be available one week later than was the case before. At the present, current data should typically be released on the third Friday of most months. This process also means that a delay in the estimation of one state's employment situation could cause a delay in the estimates for the other states in the division.

New Metropolitan Statistical Area Definitions

Uniform metropolitan area definitions were first developed by the Bureau of the Budget — now the Office of Management and Budget (OMB) — in the 1940s. At the time, various federal agencies collected and published information using different definitions of the nation's largest population centers, which were variously called "metropolitan districts," "industrial areas," "labor market areas," and "metropolitan counties." This meant that one agency's regional data was seldom comparable to another's. The value of federal statistical data could be enhanced if the agencies used a uniform set of geographic definitions. Uniform definitions of "Standard Metropolitan Areas" were first applied to reports from the 1950 Census. Since then, the definitions have been modified following each decennial census.

According to OMB, a recognized metropolitan area is "an area containing a recognized population nucleus and adjacent communities that have a high degree of integration with that nucleus." Thus the regional economic connections of major population centers determine metropolitan area definitions. Even though these designations are used for a variety of purposes, including the regional allocation of federal spending, OMB specifically avoids using other nonstatistical considerations when creating or defining metropolitan areas.

The principal building blocks of OMB's new definitions are Core Based Statistical Areas (CBSA). A CBSA is a "statistical geographic entity consisting of the county or counties associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties." Urban clusters, as defined by the U.S. Census Bureau, have a population of 10,000 to 49,999. Urbanized areas, also defined by the Census Bureau, have a population of 50,000 or more. A CBSA, then, encompasses one or more such areas and the suburban communities they are connected to.

Micropolitan:	10,000 to 49,999
Metropolitan:	at least 50,000
Metropolitan Division:	at least 2,500,000

Four categories of metropolitan areas have been introduced. A CBSA can be either a Micropolitan, or a Metropolitan statistical area, depending on its size. A Micropolitan Statistical Area has a population of at least 10,000, but less than 50,000. A Metropolitan area has at least 50,000. Another new category is the Metropolitan Division, which is a region within a CBSA with a population of at least 2.5 million. Lastly, if two or more adjacent CBSAs have significant employment interchanges, they will form a Combined Statistical Area.

New California Designations

Given California's population growth rate, it is not surprising that more of the state is now part of defined metropolitan areas. Previously, 24 of the state's counties were not part of any metropolitan area. Now only 13 counties are not defined.

Counties Previously Undefined	Now Defined As
Del Norte	Crescent City Micropolitan Statistical Area
Humboldt	Eureka-Arcata-Fortuna Micropolitan Statistical Area
Imperial	El Centro Metropolitan Statistical Area
Inyo	Bishop Micropolitan Statistical Area
Kings	Hanford-Corcoran Metropolitan Statistical Area
Lake	Clearlake Micropolitan Statistical Area
Mendocino	Ukiah Micropolitan Statistical Area
Nevada	Truckee-Grass Valley Micropolitan Statistical Area
San Benito	San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area
Tehama	Red Bluff Micropolitan Statistical at. Area
Tuolumne	Phoenix Lake-Cedar Ridge Micropolitan Statistical Area

Some changes were made to the actual make-up of several metropolitan areas. The former Fresno MSA was reduced in size as Madera county was spun off into its own Metropolitan Statistical Area. Thus the Fresno Metropolitan Statistical Area now consists only of Fresno County. The old Vallejo-Fairfield-Napa MSA consisted of Napa and Solano Counties. Napa County is now its own Metropolitan Statistical Area and Solano County is now the Vallejo-Fairfield Metropolitan Statistical Area. Yolo County previously was its own MSA, but is now part of the Sacramento-Arden-Arcade-Roseville Metropolitan Statistical Area.

California's four largest metropolitan areas were changed in name only and are now Metropolitan Divisions:

- Los Angeles County was the Los Angeles-Long Beach MSA, but is now the Los Angeles-Long Beach-Glendale Metropolitan Division.
- Orange County was the Orange County MSA, but is now the Santa Ana-Anaheim-Irvine Metropolitan Division.
- Alameda and Contra Costa Counties were the Oakland MSA, but now constitute the Oakland-Fremont-Hayward Metropolitan Division.
- Marin, San Francisco, San Mateo Counties made up the San Francisco PMSA and are now the San Francisco-San Mateo-Redwood City Metropolitan Division.

These four divisions account for about half of California's labor force.

Metropolitan Divisions	Counties	Old MSA/PMSA	Labor Force %
Los Angeles-Long Beach-Glendale	Los Angeles	Los Angeles-Long Beach	27
Santa Ana-Anaheim-Irvine	Orange	Orange County	9
Oakland-Fremont-Hayward	Alameda, Contra Costa	Oakland	7
San Francisco-San Mateo-Redwood City	Marin, San Francisco, San Mateo	San Francisco	5

Four Combined Statistical Areas were designated in California.

- Los Angeles-Long Beach-Riverside: Los Angeles, Orange, Ventura, Riverside, and San Bernardino counties.
- San Jose-San Francisco-Oakland: Napa, Alameda, Contra Costa, Marin, San Francisco, San Mateo, San Benito and Santa Clara, Santa Cruz, Sonoma, and Solano counties.
- Fresno-Madera: Fresno and Madera counties
- Sacramento-Arden Arcade-Truckee: El Dorado, Placer, Sacramento, Yolo counties and Gardnerville Ranchos Micropolitan Statistical Area (Douglas County, Nevada).

Annual Rebenchmarking of Payroll Employment

Nonfarm employment estimates enjoy considerable credibility because they are derived from a large-sample business survey that is calibrated with actual payroll tax information. The official California nonfarm employment series is derived from a monthly survey of about 36,000 firms that employ about 35 percent of all payroll employees in the state. Each year the California Employment Development Department calibrates, or "benchmarks," these estimates to the prior year's first quarterly unemployment insurance tax tabulations, which covers virtually all private employers in California (the ES-202 report). The first-quarter tax information undergoes a rigorous review and editing process to ensure its accuracy. Thereafter, until a new benchmark is established the following year, monthly employment estimates are calculated based solely on the trends indicated by the establishment survey. The "benchmarking" process, in addition to forming the basis for future monthly estimates, is also applied to estimates for the prior two years.

FIGURE 3

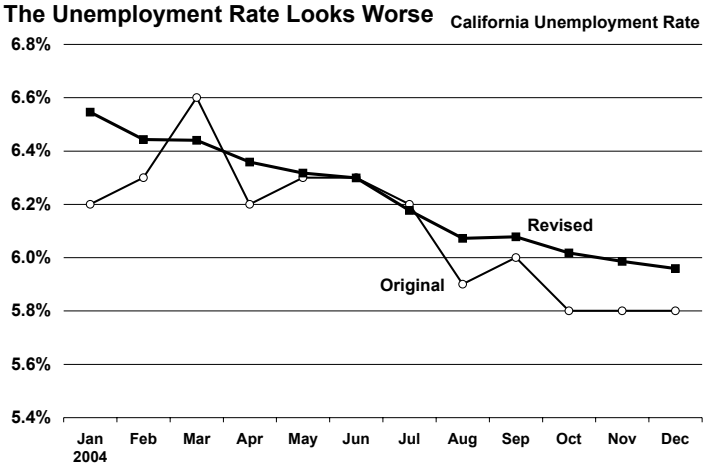
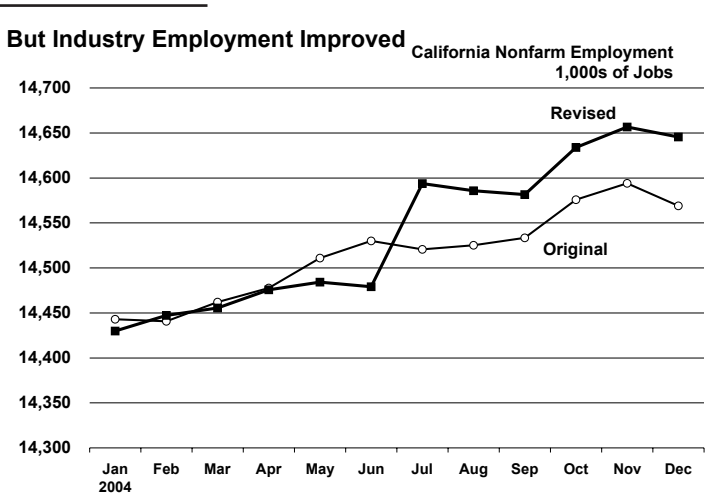


FIGURE 4



New Employment "History"

California employment data released beginning in February 2005 reflects all of the changes described above. The implementation of the new local unemployment methodologies, redefined statistical areas, and normal annual industry employment revisions had a mixed impact on the state's recent employment history. The household figures deteriorated slightly. The industry employment estimates improved.

According to the revised series, the state unemployment rate averaged 6.2 percent during 2004, an increase from 6.1 percent in the original estimates. The level of civilian employment in 2004 was reduced 0.7 percent and the number of persons unemployed increased 1.2 percent. The growth of civilian employment in 2004 was also slowed from 1.8 percent to a revised 1.5 percent.

Revisions to industry employment were mostly positive. The estimated level of industry employment in 2003 was lowered, while 2004 was raised, thus improving last year's growth rate. In the new series, 146,000 nonfarm jobs were created in 2004, while 104,000 were added according to the old series.

The growth rate for 2004 was raised from 0.7 to a full 1.0 percent. The year ended on a better note as well, as job growth in the final three months of 2004 was lifted from 35,700 to over 61,000.

Most major industry sectors gained jobs in the revisions. The most significant upward revisions were made in the Construction, Leisure and Hospitality, and Information sectors, gaining 29,000, 28,000, and 20,000 jobs respectively. Not surprisingly, the growth rates of these same sectors also improved significantly in the new series. The Information sector was turned around from a year-over-year loss of 2.0 percent in 2004 to a gain of 1.3 percent. Year-over-year growth in Construction employment accelerated from 3.7 percent to 6.5 percent; and from 1.2 percent to 2.9 percent in Leisure and Hospitality. The only significant downward revision was in Professional and Business Services, whose 2004 employment level fell by 71,000.

Familiar Regional Patterns

The impact on regional performance was mixed. The San Francisco Bay Area, which bore the brunt of the dot.com collapse and the 2001 recession, lost jobs. Southern California, which was not affected as severely by the dot.com collapse, and bounced back sooner, gained jobs. The employment revisions heightened this contrast.

FIGURE 5

Impact of Revisions
Percent Change in Employment Level

	2003	2004
Los Angeles-Long Beach-Glendale Metro. Div.	-0.2%	-0.3%
Santa Ana-Anaheim-Irvine Metro. Div.	0.2%	1.8%
Riverside-San Bernardino-Ontario Metro. Stat. Area	1.1%	3.4%
San Diego Metro. Stat. Area	-0.1%	0.0%
San Francisco-San Mateo-Redwood City Metro. Div.	-0.3%	-1.1%
Oakland-Fremont-Hayward Metro. Div.	0.1%	-0.3%
Sacramento-Arden-Arcade-Roseville Metro. Stat. Area	0.3%	1.0%

Not only was Bay Area industry employment revised downward, but so was the rate of job loss. Estimated industry employment in the San Francisco-San Mateo-Redwood City Metropolitan Division was revised down 0.3 percent in 2003 and 1.1 percent in 2004. The revisions reduced 2004 employment in the Oakland-Fremont-Hayward Metropolitan Division by 0.3 percent. Job losses in San Francisco-San Mateo-Redwood City during 2004 were nearly tripled by the revisions. Employment in the Division fell by only 0.4 percent in the original estimate, but by 1.2 percent in the latest figures. Likewise, Oakland-Fremont-Hayward employment was originally reported as essentially unchanged in 2004, but now shows a 0.4 percent drop. Job losses in 2004 for the region as a whole were revised from a 0.2 percent loss to 0.8 percent drop.

In contrast, Southern California benefited from the revisions. Job gains for the region in 2004, originally reported at 62,000 (0.8 percent), were raised to 109,000 (1.4 percent). The improvement came almost entirely from strong upward revisions to the Riverside-San Bernardino-Ontario Metropolitan Statistical Area and the Santa Ana-Anaheim-Irvine Metropolitan Division. The employment estimate of the former was revised up 3.4 percent, and the latter 1.8 percent. Employment in the Los Angeles-Long Beach-Glendale Metropolitan Division was revised down 0.3 percent. Year-over-year job growth in 2004 showed similar results. Employment gains were improved in all areas except Los Angeles-Long Beach-Glendale. Growth in Riverside-San Bernardino-Ontario was raised from 2.2 percent to 4.6 percent.

Overall, the updated employment estimates for 2004 paint a more positive picture for California. Industry employment increased, and the pace of job creation improved. Employment growth in most industries appears better. The distribution of the gains was uneven though. The San Francisco Bay Area estimates were reduced, while those for Southern California were increased. With respect to the overall positive direction of California's labor markets, the trends indicated by the old series are still evident in the new.

Select Indicators

	2004		2005			Year-Over
	Mar	Dec	Jan	Feb	Mar	% Change
EMPLOYMENT (Seasonally adjusted)						
Civilian employment (000)	16,353	16,580	16,590	16,718	16,700	2.1%
Unemployment (000)	1,126	1,051	1,020	1,025	954	-15.3%
Unemployment rate	6.4	6.0	5.8	5.8	5.4	--
Nonagricultural wage and salary employment (000) a/	14,455.2	14,645.5	14,654.0	14,681.7	14,699.3	1.7%
Goods-producing industries	2,381.9	2,428.6	2,431.0	2,441.3	2,442.6	2.5%
Natural resources and mining	23.1	23.2	22.7	22.8	22.7	-1.7%
Construction	831.1	870.3	870.2	882.7	886.6	6.7%
Manufacturing	1,527.7	1,535.1	1,538.1	1,535.8	1,533.3	0.4%
Service-providing industries	12,073.3	12,216.9	12,223.0	12,240.4	12,256.7	1.5%
Trade, transportation, and utilities	2,734.5	2,778.9	2,768.0	2,763.4	2,769.6	1.3%
Information	487.8	479.1	475.5	483.2	490.0	0.5%
Financial activities	894.7	916.4	917.8	917.2	917.1	2.5%
Professional and business services	2,074.4	2,130.4	2,126.7	2,135.4	2,135.7	3.0%
Educational and health services	1,554.6	1,571.1	1,577.4	1,579.3	1,577.3	1.5%
Leisure and hospitality	1,431.9	1,454.0	1,468.8	1,465.9	1,470.2	2.7%
Other services	503.5	506.2	507.3	508.6	510.0	1.3%
Government	2,391.9	2,380.8	2,381.5	2,387.4	2,386.8	-0.2%
High-technology industries b/	*862.4*	*872.5*	*869.9*	*872.8*	*871.3*	*1.0%*
Computer and electronic products manufacturing	*320.4*	*324.7*	*323.4*	*323.5*	*324.0*	*1.1%*
Aerospace products and parts manufacturing	*72.9*	*75.2*	*75.5*	*75.7*	*75.9*	*4.1%*
Software publishers	*42.6*	*42.6*	*42.7*	*42.7*	*41.9*	*-1.6%*
Telecommunications	*120.9*	*118.9*	*119.4*	*120.4*	*119.4*	*-1.2%*
Internet service providers	*47.2*	*48.0*	*48.3*	*48.5*	*48.6*	*3.0%*
Computer systems design	*165.8*	*168.8*	*167.0*	*167.8*	*167.5*	*1.0%*
Scientific research and development	*92.6*	*94.3*	*93.6*	*94.2*	*94.0*	*1.5%*
HOURS AND EARNINGS IN MANUFACTURING (Not seasonally adjusted)						
Average weekly hours	40.1	40.3	39.7	39.7	40.0	*-0.2%*
Average weekly earnings	$609.92	$628.68	$618.53	$619.72	$626.40	*2.7%*
Average hourly earnings	$15.21	$15.60	$15.58	$15.61	$15.66	*3.0%*
CONSUMER PRICE INDEX (1982-84=100) (Not seasonally adjusted)						
All Urban Consumers Series						
California Average	n.a.	197.0	n.a.	199.1	n.a.	--
San Francisco CMSA	n.a.	199.5	n.a.	201.2	n.a.	--
Los Angeles CMSA	191.5	195.2	195.4	197.4	199.2	*4.0%*
Urban Wage Earners and Clerical Workers Series						
California Average	n.a.	190.5	n.a.	192.2	n.a.	--
San Francisco CMSA	n.a.	195.9	n.a.	197.3	n.a.	--
Los Angeles CMSA	184.9	188.5	188.5	190.3	192.1	*3.9%*
CONSTRUCTION						
Private residential housing units authorized (000) c/	227	226	182	198	223	*-2.1%*
Single units	164	146	139	146	159	*-3.3%*
Multiple units	64	81	43	52	64	*0.9%*
Residential building authorized valuation (millions) d/	$47,860	$44,251	$38,985	$44,916	$48,637	*1.6%*
Nonresidential building authorized valuation (millions) d/	$17,222	$16,057	$15,607	$15,868	$16,434	*-4.6%*
Nonresidential building authorized valuation (millions) e/	1,373	1,285	1,108	1,121	1,305	*-5.0%*
Commercial	497	486	294	286	421	*-15.4%*
Industrial	75	116	124	96	77	*2.7%*
Other	254	225	184	254	281	*10.6%*
Alterations and additions	547	458	507	485	527	*-3.8%*
AUTO SALES (Seasonally adjusted)						
New auto registrations (number)	159,686	152,983	145,235	157,115	n.a.	--

a/ The wage and salary employment information is based on the new North American Industry Classification System (NAICS).
b/ Not seasonally adjusted
c/ Seasonally adjusted at annual rate
d/ Seasonally adjusted
e/ Not seasonally adjusted
n.a. Not available

Select Indicators *Continued*

VACANCY RATES FOR FIRST QUARTER 2005
(Percent)

	Office Downtown		Office Suburban		Office Total		Industrial	
	1Q05	1Q04	1Q05	1Q04	1Q05	1Q04	1Q05	1Q04
Northern and Central California:								
Oakland	14.2	17.3	15.8	17.4	15.5	17.4	n.a.	n.a.
Sacramento	13.3	13.2	13.8	13.4	13.7	13.3	14.4	14.7
San Francisco	13.6	18.2	22.5	23.8	16.4	19.9	14.0	13.0
San Jose	20.3	17.6	16.3	21.7	17.2	20.8	n.a.	n.a.
Southern California:								
Los Angeles Metro	15.5	16.9	12.4	14.4	12.9	14.8	7.6	8.8
Orange County	n.a.	n.a.	9.3	13.2	9.3	13.2	7.6	9.0
San Diego	8.6	9.0	10.0	11.5	9.7	11.0	10.7	11.8
Ventura County	n.a.	n.a.	8.7	11.5	8.7	11.5	n.a.	n.a.
National Average	13.8	14.7	16.3	17.9	15.4	16.8	10.7	11.3

SALES OF EXISTING SINGLE-FAMILY HOMES

		Median Price	Units (SAAR)
2001	Jan	$244,112	502,798
	Feb	241,693	486,374
	Mar	257,548	518,412
	Apr	255,310	495,388
	May	255,857	505,588
	Jun	267,412	526,571
	Jul	267,517	503,030
	Aug	282,421	571,065
	Sep	275,624	475,376
	Oct	263,020	494,915
	Nov	270,210	493,868
	Dec	281,332	474,492
2002	Jan	$287,076	584,251
	Feb	294,865	610,379
	Mar	305,838	586,225
	Apr	317,121	643,026
	May	319,591	620,301
	Jun	324,638	533,840
	Jul	321,903	540,797
	Aug	334,273	562,783
	Sep	322,452	493,803
	Oct	324,672	579,240
	Nov	328,440	542,121
	Dec	338,836	573,786
2003	Jan	$336,212	584,600
	Feb	326,645	566,890
	Mar	351,134	567,609
	Apr	364,040	583,333
	May	367,627	572,265
	Jun	374,535	572,128
	Jul	381,938	595,858
	Aug	406,142	645,721
	Sep	384,686	631,881
	Oct	379,119	636,688
	Nov	384,472	627,190
	Dec	401,724	637,078
2004	Jan	$404,463	615,659
	Feb	391,550	589,220
	Mar	428,060	590,220
	Apr	452,270	640,706
	May	463,688	632,379
	Jun	468,618	633,665
	Jul	462,145	639,906
	Aug	473,359	591,146
	Sep	463,623	626,215
	Oct	459,796	639,571
	Nov	471,978	652,337
	Dec	474,276	645,856
2005	Jan	$485,700	659,406
	Feb	471,620	608,170
	Mar	495,400	634,700

FOREIGN TRADE THROUGH CALIFORNIA PORTS

		Exports ($ millions)	Imports ($ millions)
2001	Jan	$12,284	$19,173
	Feb	11,595	16,201
	Mar	12,390	19,475
	Apr	10,492	17,624
	May	10,948	16,885
	Jun	10,721	18,274
	Jul	9,890	18,206
	Aug	10,288	18,277
	Sep	9,634	17,585
	Oct	10,038	19,532
	Nov	9,315	17,184
	Dec	9,659	15,525
2002	Jan	$8,688	$15,517
	Feb	8,429	15,768
	Mar	9,945	16,318
	Apr	9,274	17,807
	May	9,814	17,568
	Jun	9,984	18,988
	Jul	9,335	18,998
	Aug	9,948	19,686
	Sep	9,286	19,478
	Oct	8,794	18,753
	Nov	9,046	20,522
	Dec	8,797	19,060
2003	Jan	$8,408	$17,588
	Feb	8,423	16,359
	Mar	9,784	18,789
	Apr	9,158	19,151
	May	9,090	18,537
	Jun	9,743	19,774
	Jul	9,604	20,743
	Aug	9,626	19,846
	Sep	8,968	21,060
	Oct	10,341	23,021
	Nov	9,969	21,320
	Dec	10,437	20,528
2004	Jan	$9,062	$19,996
	Feb	9,536	18,011
	Mar	11,420	22,589
	Apr	10,249	21,722
	May	10,460	21,760
	Jun	10,481	23,971
	Jul	10,388	24,162
	Aug	10,118	24,127
	Sep	10,446	23,974
	Oct	10,460	25,279
	Nov	9,792	25,769
	Dec	10,628	22,863
2005	Jan	$9,405	$22,776
	Feb	9,756	21,738
	Mar	11,390	23,735

DOD PRIME CONTRACTS a/

	$ millions	% of U.S.
1981-82	$22,685	21.8%
1982-83	26,387	22.2%
1983-84	28,520	23.0%
1984-85	29,115	20.8%
1985-86	27,738	20.4%
1986-87	24,515	18.4%
1987-88	23,458	18.7%
1988-89	23,125	19.3%
1989-90	22,312	18.4%
1990-91	24,265	19.5%
1991-92	23,843	21.2%
1992-93	22,952	20.1%
1993-94	22,573	20.5%
1994-95	18,277	16.8%
1995-96	18,230	16.7%
1996-97	18,477	17.3%
1997-98	17,401	15.9%
1998-99	17,372	15.1%
1999-00	18,100	14.7%
2000-01	19,939	14.7%
2001-02	23,816	15.0%
2002-03	28,681	15.0%
2003-04	27,875	13.7%

a/ U.S. fiscal year: October through September

n.a. Not available

Leading Indicators/[a]

		Manufacturing		Unemployment Insurance Initial Claims	New Business Incorporations	Housing Unit Authorizations (Thousands)
		Overtime Hours	Average Weekly Hours			
2001	Jan	4.1	39.9	47,433	7,556	200.7
	Feb	4.2	40.2	51,754	6,436	136.3
	Mar	4.0	39.9	53,976	6,574	144.5
	Apr	3.5	39.5	52,045	6,239	153.3
	May	3.8	39.6	56,344	6,757	152.5
	Jun	3.8	39.3	54,585	6,425	147.6
	Jul	3.7	39.5	55,086	6,532	130.3
	Aug	3.9	39.6	57,220	7,243	160.8
	Sep	3.9	39.7	59,321	5,893	114.7
	Oct	3.8	39.4	62,955	7,002	139.7
	Nov	3.6	39.0	58,250	7,315	142.1
	Dec	3.7	39.4	49,212	6,912	163.6
2002	Jan	3.8	39.0	67,463	7,283	155.4
	Feb	3.9	39.4	56,462	6,867	162.1
	Mar	4.1	39.9	61,127	7,381	144.4
	Apr	4.1	39.9	62,452	7,348	163.0
	May	4.1	39.6	61,029	8,597	157.1
	Jun	4.1	39.9	58,896	6,988	149.7
	Jul	3.9	39.3	61,909	7,252	181.5
	Aug	4.0	39.8	61,152	7,552	166.9
	Sep	3.9	39.9	60,528	7,285	184.9
	Oct	3.9	39.6	61,567	8,053	203.3
	Nov	3.8	39.6	59,053	7,545	191.1
	Dec	3.9	39.8	60,417	7,736	151.9
2003	Jan	3.9	39.6	61,430	7,430	193.0
	Feb	4.0	39.8	59,637	8,677	249.9
	Mar	3.7	39.7	59,723	7,242	183.2
	Apr	3.7	39.7	63,614	7,875	188.9
	May	3.7	39.8	61,106	7,864	210.3
	Jun	3.7	39.9	60,771	7,873	177.6
	Jul	3.8	39.5	60,213	8,026	200.0
	Aug	3.8	39.5	57,664	7,045	178.6
	Sep	3.9	39.5	57,320	8,267	194.7
	Oct	3.9	39.6	58,650	7,952	210.2
	Nov	4.0	40.1	54,900	7,474	188.9
	Dec	3.9	39.6	52,281	8,424	194.9
2004	Jan	4.1	40.0	51,052	8,086	196.6
	Feb	4.1	40.2	51,195	8,715	206.7
	Mar	4.2	40.2	49,142	8,573	227.5
	Apr	4.4	40.0	49,413	8,428	202.3
	May	4.5	40.3	46,621	8,291	200.0
	Jun	4.2	39.9	49,874	8,905	223.1
	Jul	4.4	40.2	48,251	8,376	202.7
	Aug	4.2	40.1	47,573	8,310	207.2
	Sep	4.0	39.3	46,799	8,571	227.9
	Oct	4.3	39.8	44,947	7,704	176.6
	Nov	4.4	39.8	47,368	8,979	258.5
	Dec	4.4	39.8	49,438	9,263	226.1
2005	Jan	4.3	40.3	50,966	5,869	182.1
	Feb	4.4	40.0	46,024	9,147	197.5
	Mar	4.3	40.1	45,384	9,489	222.6

a/ Seasonally adjusted by the California Department of Finance.

Coincident Indicators/[a]

		Nonagricultural Employment (Thousands)	Manufacturing Employment (Thousands)	Unemployment Rate (Percent)	Unemployment Avg. Weeks Claimed (Thousands)
2001	Jan	14,725	1,874	4.7	357
	Feb	14,724	1,866	4.7	358
	Mar	14,730	1,856	4.8	367
	Apr	14,667	1,831	5.0	385
	May	14,644	1,812	5.1	414
	Jun	14,632	1,797	5.3	421
	Jul	14,571	1,777	5.4	443
	Aug	14,581	1,761	5.6	468
	Sep	14,528	1,740	5.8	472
	Oct	14,513	1,724	6.0	523
	Nov	14,478	1,704	6.3	511
	Dec	14,448	1,690	6.4	515
2002	Jan	14,440	1,674	6.5	518
	Feb	14,449	1,666	6.6	544
	Mar	14,472	1,662	6.7	534
	Apr	14,460	1,656	6.7	538
	May	14,474	1,652	6.7	555
	Jun	14,459	1,646	6.8	540
	Jul	14,434	1,637	6.7	547
	Aug	14,455	1,629	6.7	525
	Sep	14,448	1,622	6.7	531
	Oct	14,468	1,615	6.7	538
	Nov	14,484	1,606	6.8	508
	Dec	14,455	1,595	6.8	511
2003	Jan	14,440	1,585	6.9	520
	Feb	14,422	1,575	6.8	522
	Mar	14,393	1,565	6.8	521
	Apr	14,389	1,559	6.9	567
	May	14,381	1,550	6.9	543
	Jun	14,371	1,544	6.9	550
	Jul	14,363	1,537	6.9	552
	Aug	14,379	1,536	6.9	528
	Sep	14,369	1,535	6.8	525
	Oct	14,414	1,531	6.8	517
	Nov	14,396	1,529	6.7	509
	Dec	14,393	1,529	6.7	503
2004	Jan	14,430	1,532	6.5	457
	Feb	14,447	1,530	6.4	453
	Mar	14,455	1,528	6.4	444
	Apr	14,476	1,530	6.4	438
	May	14,484	1,530	6.3	416
	Jun	14,479	1,527	6.3	449
	Jul	14,594	1,547	6.2	404
	Aug	14,586	1,539	6.1	420
	Sep	14,581	1,531	6.1	416
	Oct	14,634	1,535	6.0	390
	Nov	14,656	1,534	6.0	402
	Dec	14,646	1,535	6.0	398
2005	Jan	14,654	1,538	5.8	406
	Feb	14,682	1,536	5.8	395
	Mar	14,699	1,533	5.4	388

		Personal Income ($ millions)	Total Wages & Salaries ($ millions)	Taxable Sales ($ millions)
2001	Qtr I	$1,153,563	$661,546	$111,989
	Qtr II	1,139,669	650,479	111,275
	Qtr III	1,125,898	637,461	108,517
	Qtr IV	1,120,405	632,752	109,442
2002	Qtr I	$1,133,441	$637,434	$108,528
	Qtr II	1,148,301	641,008	109,986
	Qtr III	1,153,479	641,928	111,384
	Qtr IV	1,161,353	647,397	110,449
2003	Qtr I	$1,161,968	$645,093	$112,286
	Qtr II	1,175,472	652,247	113,415
	Qtr III	1,190,584	661,284	117,636
	Qtr IV	1,213,183	674,618	116,023
2004	Qtr I	$1,221,776	$679,545	$122,428
	Qtr II	1,242,058	687,684	120,294
	Qtr III	1,261,050	703,744	122,495

a/ Seasonally adjusted by the California Department of Finance with the exception of the nonagricultural and manufacturing employment and the unemployment rate which are seasonally adjusted by the California Employment Development Department.

ECONOMIC INDICATOR CHARTS

Series classification as leading or coincident indicators generally follows that established by the National Bureau of Economic Research. The exceptions to this are manufacturing employment and taxable sales. These series are discussed in the technical note below.

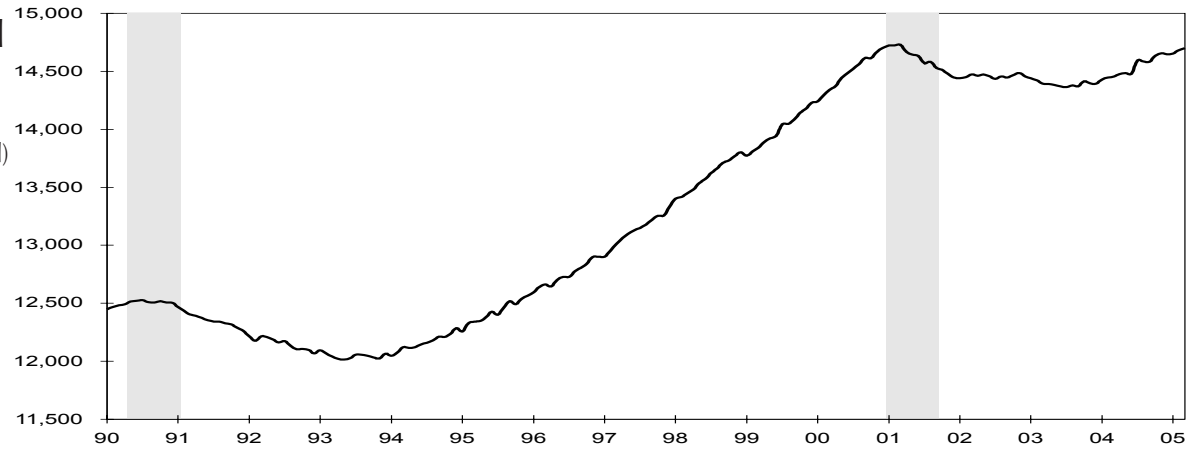
Whenever appropriate, data used in the charts have been seasonally adjusted. The method of seasonal adjustment is the X-12 Arima program. Persons interested in a detailed description of this method are referred to the U.S. Census Bureau's Statistical Research Division.

Under the X-12 Arima method, the addition of new data points changes historical seasonal factors. To avoid monthly data changes in the California Economic Indicators it is necessary to "freeze" the seasonally adjusted data through the past year and manually compute current year values from the projected seasonal factors. Thus historical revisions will be incorporated annually.

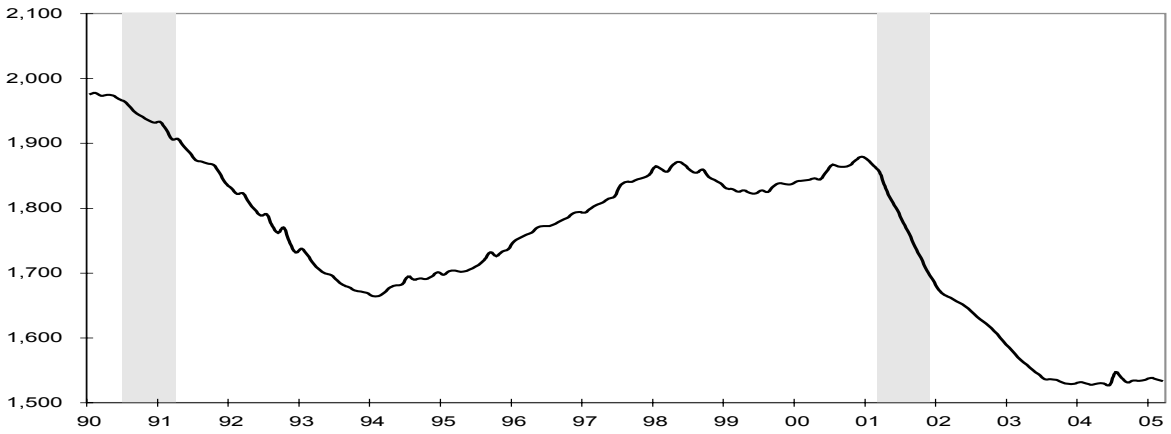
This series is an addition to the NBER indicator list. It is used here because it appears to show cyclical fluctuations clearly and extends the limited number of series presently available for the State.

Taxable sales are used here as a proxy for retail trade. Data on the latter are not available for California prior to 1964. The taxable series includes sales by both retail and wholesale establishments, and is, therefore, a broad indicator of business activity. It has been classified as a coincident indicator on the basis of fluctuations in the series since 1950. The other indicators shown are for general interest only. They are not directly related to the cyclical indicator series, but are of interest to persons looking at overall economic developments.

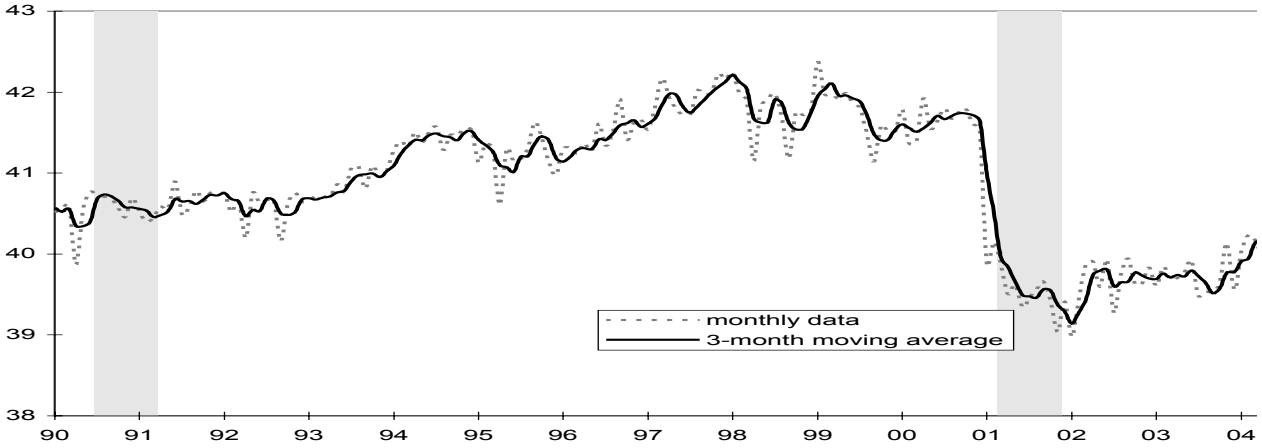
Nonagricultural Employment
(thousands, Seasonally Adjusted)



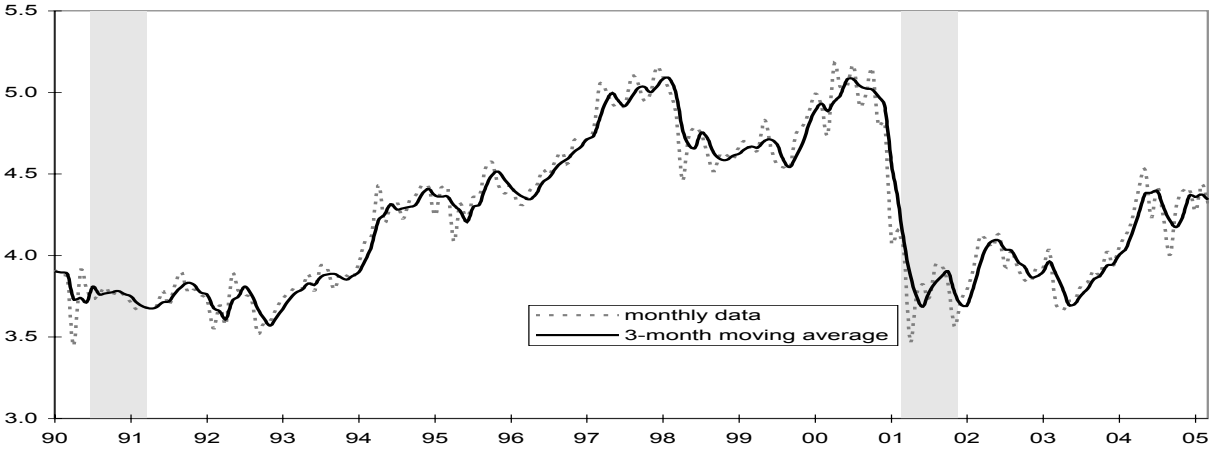
Manufacturing Employment
(thousands, Seasonally Adjusted)



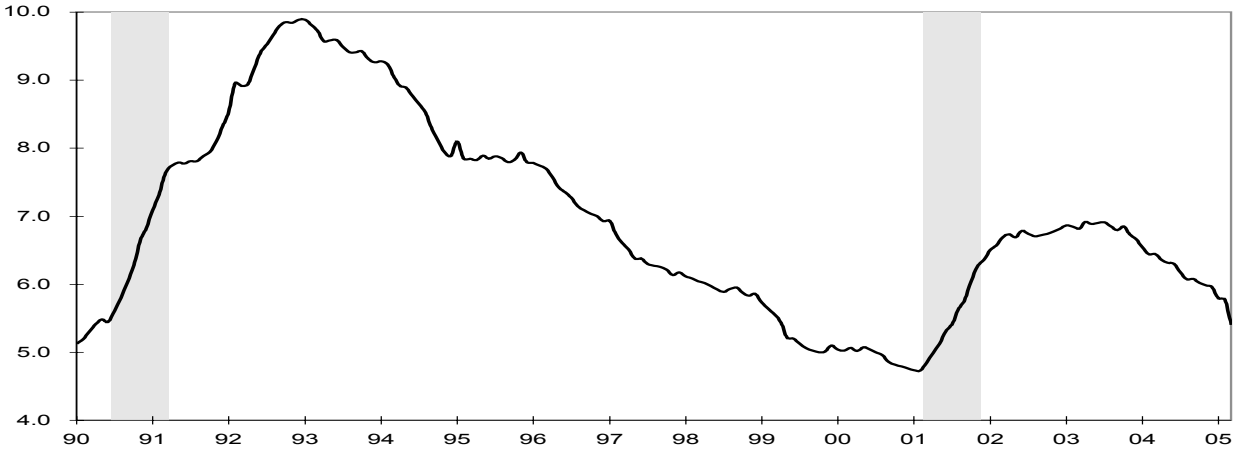
Average Weekly Hours, Manufacturing
(Seasonally Adjusted)



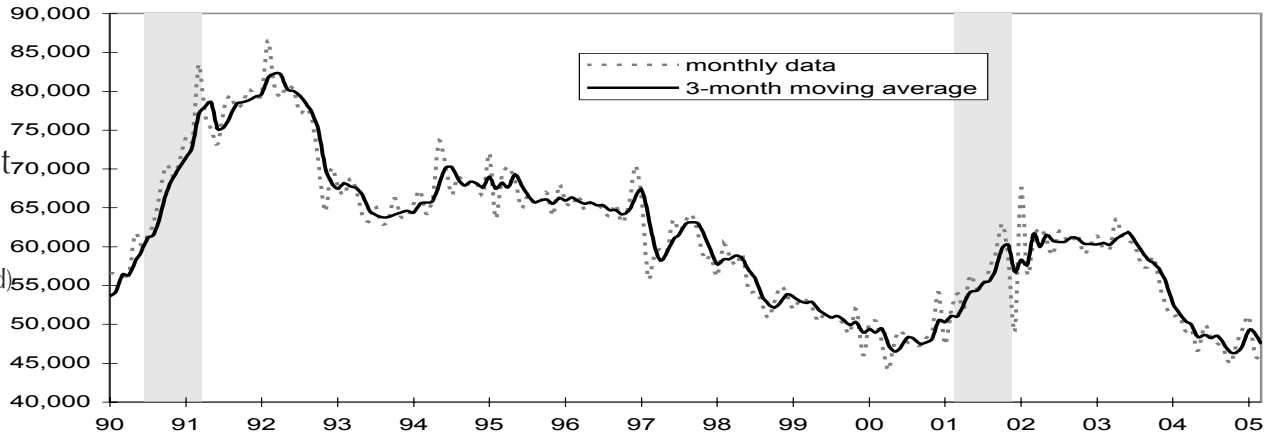
Average Overtime Hours, Manufacturing
(Seasonally Adjusted)



Unemployment Rate
(Percent)

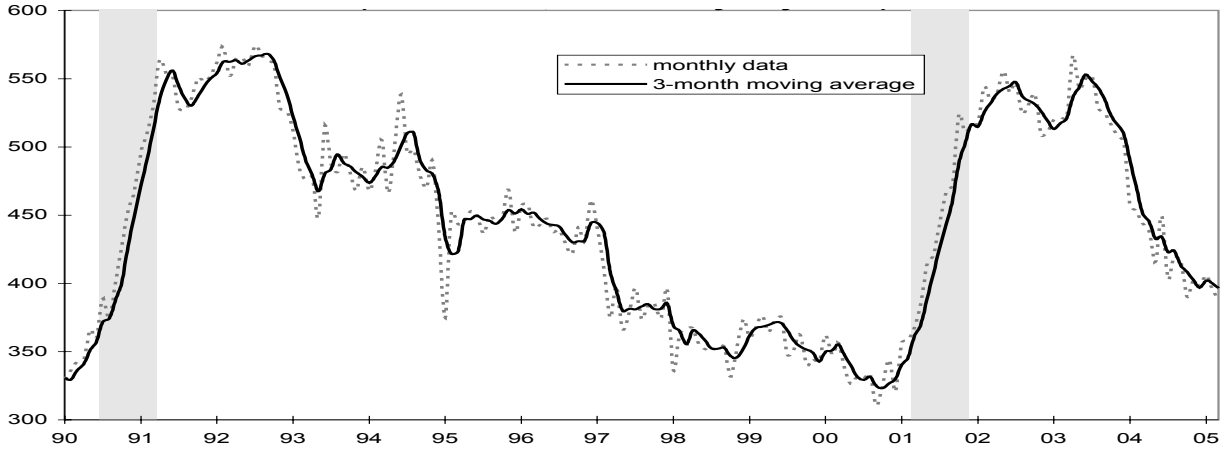


Initial & Transitional Claims for Unemployment Insurance
(Weekly Average, Seasonally Adjusted)



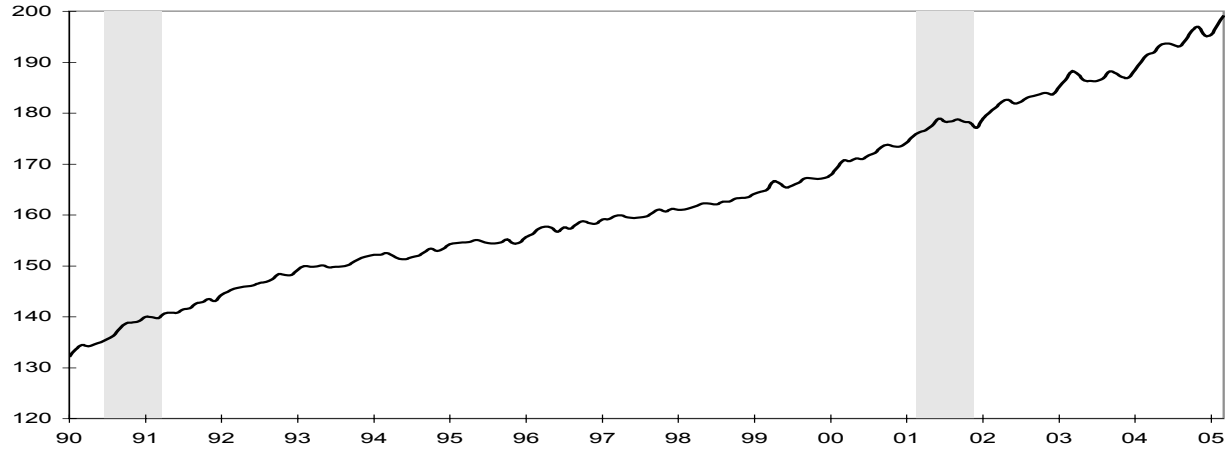
Unemployment, Average Weeks Claimed

(thousands, Seasonally Adjusted)



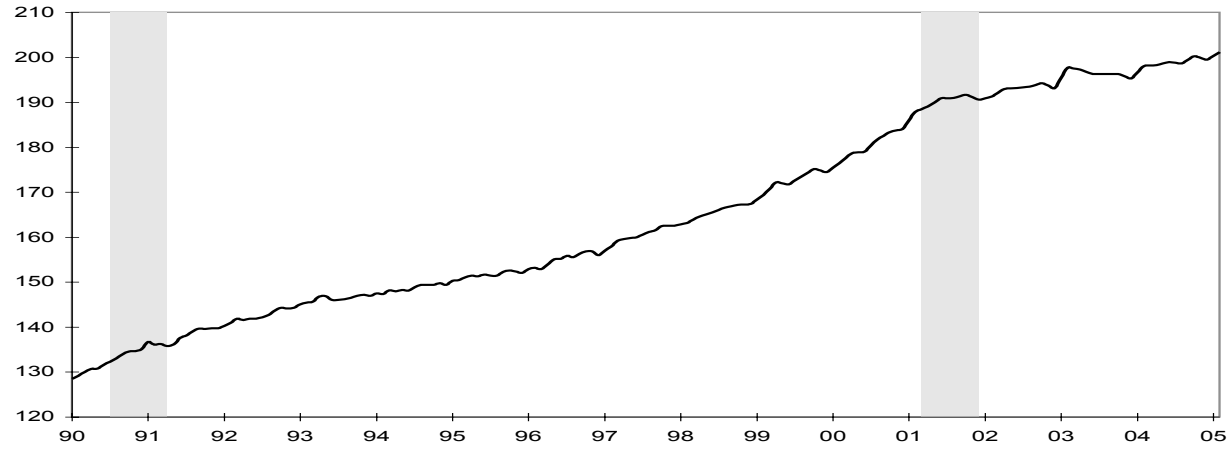
Consumer Price Index, Los Angeles

(1982–84=100)



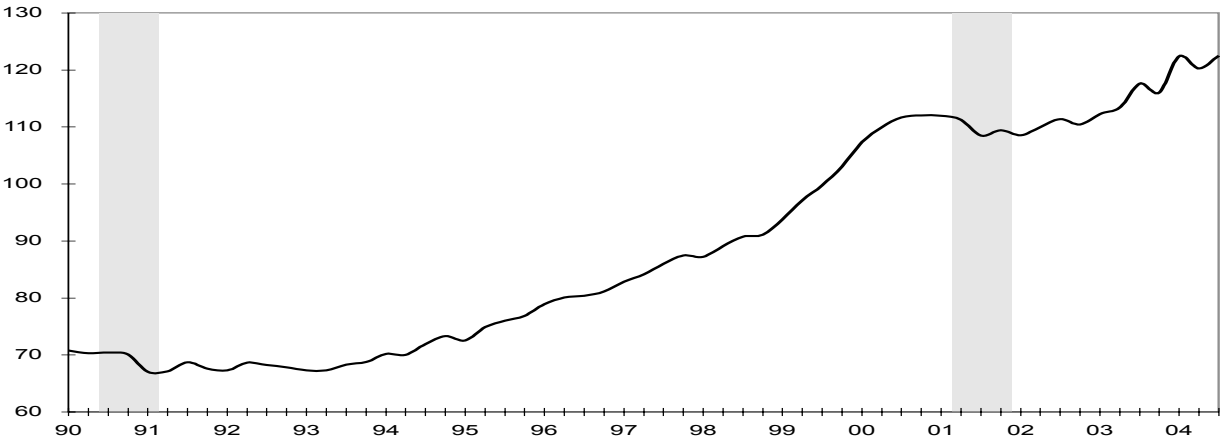
Consumer Price Index, San Francisco

(1982–84=100)



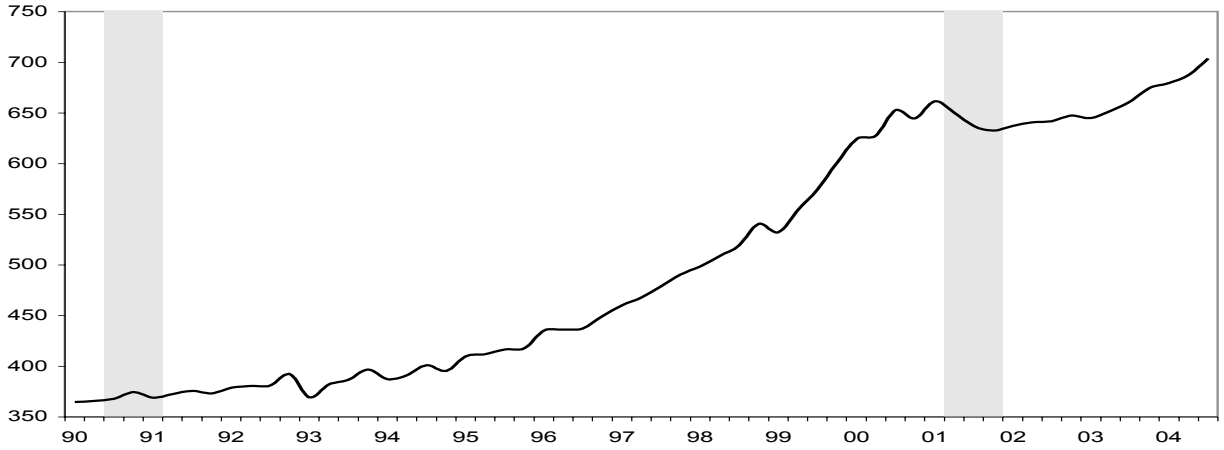
Taxable Sales

(Dollars in billions, Seasonally Adjusted)



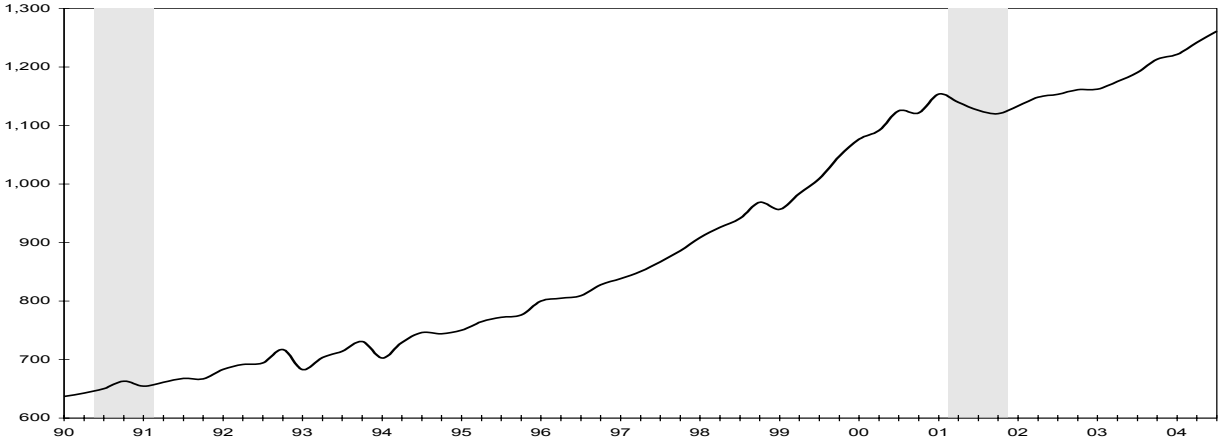
Wages and Salaries

(Dollars in billions, Seasonally Adjusted)



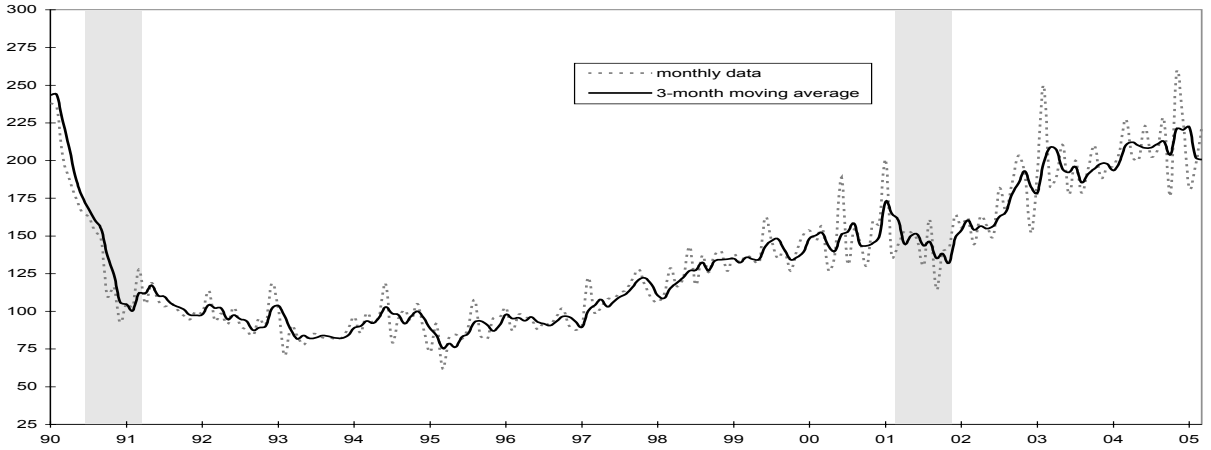
Personal Income

(Dollars in billions, Seasonally Adjusted)



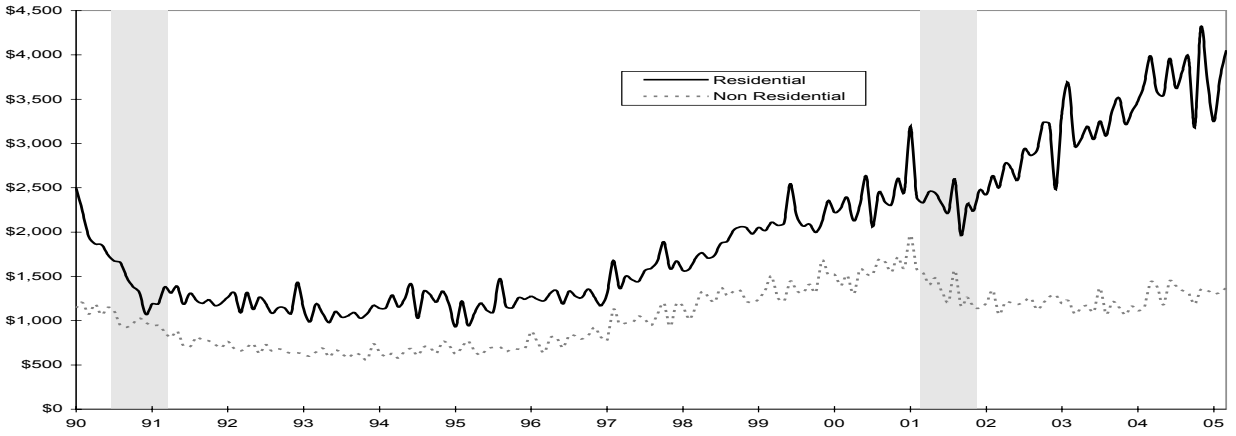
New Housing Units Authorized By Building Permits

(thousands, Seasonally Adjusted at Annual Rate)

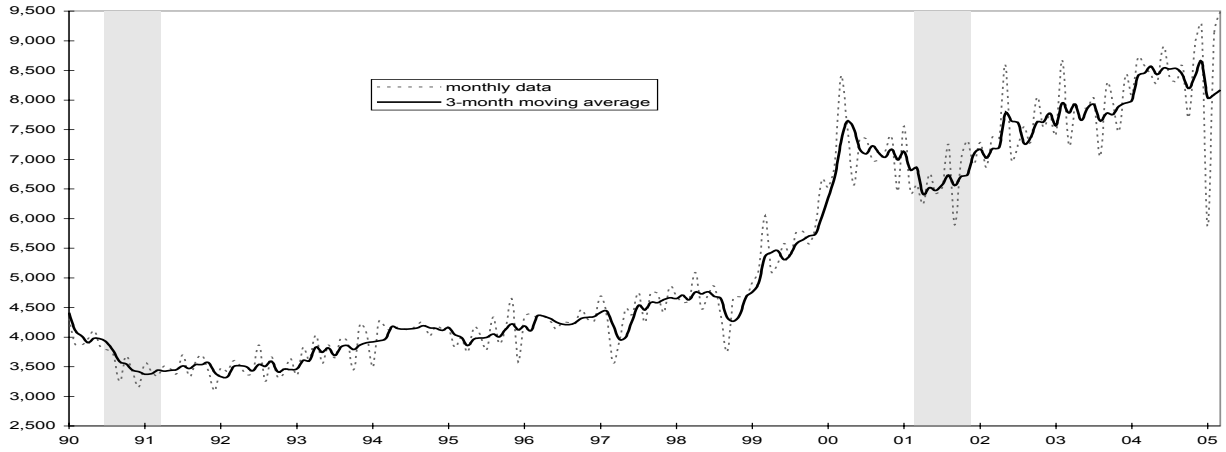


Residential & Nonresidential Building Permit Valuation

(Dollars in millions, Seasonally Adjusted)



New Business Incorporations
(Seasonally Adjusted)



BUSINESS CYCLES

REFERENCE DATES OF UNITED STATES BUSINESS CYCLES, 1854-2001

Initial Trough		Peak		Terminal Trough		Expansion (months)	Contraction (months)	Total (months)
Dec.	1854	June	1857	Dec	1858	30	18	48
Dec.	1858	Oct.	1860	June	1861	22	8	30
June	1861	April	1865	Dec.	1867	46	32	78
Dec.	1867	June	1869	Dec.	1870	18	18	36
Dec.	1870	Oct.	1873	March	1879	34	65	99
March	1879	March	1882	May	1885	36	38	74
May	1885	March	1887	April	1888	22	13	35
April	1888	July	1890	May	1891	27	10	37
May	1891	Jan.	1893	June	1894	20	17	37
June	1894	Dec.	1895	June	1897	18	18	36
June	1897	June	1899	Dec.	1900	24	18	42
Dec.	1900	Sept.	1902	Aug.	1904	21	23	44
Aug.	1904	May	1907	June	1908	33	13	46
June	1908	Jan.	1910	Jan.	1912	19	24	43
Jan.	1912	Jan.	1913	Dec.	1914	12	23	35
Dec.	1914	Aug.	1918	March	1919	44	7	51
March	1919	Jan.	1920	July	1921	10	18	28
July	1921	May	1923	July	1924	22	14	36
July	1924	Oct.	1926	Nov.	1927	27	13	40
Nov.	1927	Aug.	1929	March	1933	21	43	64
March	1933	May	1937	June	1938	50	13	63
June	1938	Feb.	1945	Oct.	1945	80	8	88
Oct.	1945	Nov.	1948	Oct.	1949	37	11	48
Oct.	1949	July	1953	May	1954	45	10	55
May	1954	Aug.	1957	April	1958	39	8	47
April	1958	April	1960	Feb.	1961	24	10	34
Feb.	1961	Dec.	1969	Nov.	1970	106	11	117
Nov.	1970	Nov.	1973	March	1975	36	16	52
March	1975	Jan.	1980	July	1980	58	6	64
July	1980	July	1981	Nov.	1982	12	16	28
Nov.	1982	July	1990	March	1991	92	8	100
March	1991	March	2001	Nov.	2001	120	8	128

CHRONOLOGY

The following summary lists economic, political, and natural developments which have influenced California economic indicators, and may account for unusual movements in the series. Appraisal of the charts will be facilitated in many cases by taking into consideration those factors which may be contributing to temporary directional changes in business activity which are not indicative of significant changes in the economic situation of the State. In addition, major national and international events of general interest have also been included. A similar summary of events dating back to 1956 is available at the Department's internet home page at: www.dof.ca.gov

2002

January 1	Taiwan becomes WTO member.
	OPEC to cut oil production by 6.5 percent.
	Euro becomes legal tender in 12 European countries.
January 6	Unemployment insurance benefits increased in California.
February 28	GDP up 1.4 percent in Q4.
March 9	California's "Job Creation and Worker Assistance Act of 2002" was signed into law that provides for temporary extended unemployment compensation.
March 28	GDP up 1.7 percent in Q4.
April 25	Security and Exchange Commission launched a formal investigation of Wall Street analysts' conflicts of interest.
May 13	President Bush signed a 10-year, $190 billion farm bill that promises to expand subsidies to growers.
June 27	GDP up 6.1 percent in Q1.
July 5	Foreign direct investment flows to developed countries declined by 56% in 2001, with the United States seeing the largest fall off to its lowest level since 1997.
July 8	Intel launches its Itanium 2 chip.
July 10	President Bush called for stiffer penalties to eradicate corporate fraud.
July 15	Pfizer to buy Pharmacia.
July 16	The dollar sank against the euro for the first time in more than two years. Intel to eliminate 4,000 jobs.
July 21	WorldCom filed for bankruptcy protection.
July 22	The Dow Jones industrial average sank to its lowest level in nearly four years. Both the Nasdaq and S&P 500 are at their lowest levels since the first half of 1997.
July 30	President Bush signed into law the Public Company Accounting Reform and Investor Protection Act.
July 31	GDP growth slowed to 1.1 percent in Q2 from revised 5.0 percent in Q1. Last year's data was also revised indicating that the economy shrank in each of the first three quarters.
	Venture capital investments hit four-year low.
August 8	IMF signed an emergency loan to Brazil.
August 11	U.S. Airways filed for bankruptcy.
August 20	The U.S. trade deficit narrowed in June, following two straight record monthly deficits.
September 27 –October 9	Cargo operations at 29 West Coast ports ground to a halt when terminal operators locked out unionized workers.
November 6	Federal funds rate reduced from 1.75 percent to 1.25 percent.
	Discount rate reduced from 1.25 percent to 0.75 percent.

December 9	United Airlines filed for bankruptcy protection.
December 19	Standard & Poor's lowered California's bond rating to an A from an A+.

2003

February 10	Moody's lowered California's bond rating to A2 from A1.
February 14–17	A major snowstorm hit the Middle Atlantic and Eastern states.
February 26	Doctors in Hong Kong report the first case of a flu-type virus "Atypical Pneumonia" now more commonly known as Severe Acute Respiratory Syndrome (SARS).
March 20	Operation Iraqi Freedom begins.
April 9	Baghdad falls and Iraqis and American troops topple statue of Saddam Hussein.
April 14	President Bush declares conclusion of major combat operations in Iraq.
June 25	Federal funds rate reduced from 1.25 percent to 1 percent, the lowest rate in 45 years.
June 26	GDP up 1.4 percent in Q1.
July 17	The US recession ended in November 2001, according to NBER.
July 24	S&P lowered California's bond rating from "A" to "BBB".
July 25	United States Treasury begins mailing $400 per child tax rebate checks.
August 2	Governor Gray Davis signs the 2003-04 state budget bill.
August 4	Moody's lowered California's bond rating from A2 to A3.
August 28	GDP grew at a revised 3.1 percent annual rate in the 2nd quarter.
September 3	Light vehicle sales in the U.S. reach 19.0 million in August, the second best monthly rate ever.
October 21	Wildfires breakout in Southern California, eventually burning 743,000 acres and destroying over 3,500 homes.
October 30	GDP grew by 7.2 percent, its fastest rate since 1984.
December 4	President Bush ends steel tariffs.
December 12	Dow Jones Industrial average closed above 10,000 for the first time since May 24, 2002.
December 13	Saddam Hussein captured by American troops.
December 23	Final report shows GDP grew by 8.2 percent in the third quarter, its fastest rate since 1984.
December 24	U.S. confirms first case of "mad cow" disease.

2004

February 10	Unexpected cut in OPEC quota and cold weather contribute to higher oil prices.
February 11	Dow Jones Industrials closed at highest level in more than 2½ years.
March 25	Fourth quarter GDP rose 4.1 percent.
April 30	International oil prices hit a 3½ year high.
May 21	Moody's raised California's credit rating from "Baa1" to "A3".
May 27	First quarter GDP grew at a 4.4 percent annual rate.
June 30	Federal funds rate increased by 25 basis points bringing the rate up to 1.25 percent. It is over four years since the Fed last tightened rates.
August 9	Fitch removes California from Rating Watch Negative.

August 10	Federal funds rate raised from 1.25 percent to 1.50 percent.
August 24	S&P raised California's credit rating from "BBB" to "A".
August 27	Second quarter GDP grew at a 2.8 percent annual rate.
Mid-August	Hurricane Charley hits Florida
September	Three powerful hurricanes (Frances, Ivan, and Jeanne) hit Florida and some neighboring states.
September 21	Federal funds rate raised from 1.50 percent to 1.75 percent.
October 29	GDP grew at a 3.7 percent rate in the third quarter.
November 10	Federal funds rate raised from 1.75 percent to 2.00 percent.
December 14	Federal funds rate raised from 2.00 percent to 2.25 percent.
December 22	GDP grew at a 4.0 percent annual rate in the third quarter.
December 26	A magnitude 9.0 earthquake — the largest in 40 years — struck the northern Indonesian island of Sumatra, triggering a tsunami that killed tens of thousands of people in more than 11 countries.

2005

January 22-24	Blizzards blanketed large parts of the Northeast.
January 30	Iraq held its first free election in half a century.
February 2	Federal funds rate raised from 2.25 percent to 2.50 percent.
March 22	Federal funds rate raised from 2.50 to 2.75 percent.
March 30	GDP grew at an annual rate of 3.8 percent in the fourth quarter of 2004.
April 28	GDP increased at an annual rate of 3.1 percent in the first quarter of 2005.

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